

105TH CONGRESS  
2D SESSION

# H. R. 4271

To amend the Community Services Block Grant Act to reauthorize and make improvements to that Act.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1998

Mr. RIGGS (for himself, Mr. GOODLING, Mr. BARRETT of Nebraska, Mr. GREENWOOD, and Mr. PETERSON of Pennsylvania) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the Community Services Block Grant Act to reauthorize and make improvements to that Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Community Services  
5       Authorization Act of 1998”.

6       **SEC. 2. REAUTHORIZATION.**

7       Sections 671 through 680 of the Community Services  
8       Block Grant Act (42 U.S.C. 9901–9909) are amended to  
9       read as follows:

1    **“Subtitle B—Community Services**  
2                   **Block Grant Program**

3    **“SEC. 671. SHORT TITLE.**

4            “This subtitle may be cited as the ‘Community Serv-  
5 ices Block Grant Act’.

6    **“SEC. 672. PURPOSES AND GOALS.**

7            “The purpose of this subtitle is to provide assistance  
8 to States and local communities, working through a net-  
9 work of community action agencies and other neighbor-  
10 hood-based organizations, for the reduction of poverty, the  
11 revitalization of low-income communities, and the em-  
12 powerment of low-income families and individuals in rural  
13 and urban areas to become fully self-sufficient (particu-  
14 larly families who are attempting to transition off a State  
15 program carried out under part A of title IV of the Social  
16 Security Act (42 U.S.C. 601 et seq.)). Such goals may  
17 be accomplished through—

18            “(1) the strengthening of community capabili-  
19 ties for planning, coordinating, and utilizing a broad  
20 range of Federal, State, local, and private resources  
21 for the elimination of poverty, and for helping indi-  
22 viduals and families achieve self-sufficiency;

23            “(2) greater use of innovative and effective,  
24 community-based approaches to attacking the causes  
25 and effects of poverty and of community breakdown;

1           “(3) the maximum participation of residents of  
2           the low-income communities and members of the  
3           groups served by programs assisted through the  
4           block grant to empower such individuals to respond  
5           to the unique problems and needs within their com-  
6           munities; and

7           “(4) the broadening of the resource base of pro-  
8           grams directed to the elimination of poverty so as to  
9           secure a more active role for private, faith-based,  
10          charitable, and neighborhood organizations in the  
11          provision of services as well as individual citizens,  
12          business, labor, and professional groups who are able  
13          to influence the quantity and quality of opportunities  
14          and services for the poor.

15   **“SEC. 673. DEFINITIONS.**

16          “In this subtitle:

17               “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
18               tity’ means an entity—

19                       “(A) that is an eligible entity described in  
20                       section 673(1) (as in effect on the day before  
21                       the date of enactment of the Human Services  
22                       Reauthorization Act of 1998) as of such date of  
23                       enactment or is designated by the process de-  
24                       scribed in section 676A (including an organiza-

1           tion serving migrant or seasonal farmworkers  
2           that is so described or designated); and

3                 “(B) that has a tripartite board or other  
4           mechanism described in subsection (a) or (b),  
5           as appropriate, of section 676B.

6                 “(2) POVERTY LINE.—The term ‘poverty line’  
7           means the official poverty line defined by the Office  
8           of Management and Budget based on the most re-  
9           cent data available from the Bureau of the Census.  
10          The Secretary shall revise the poverty line annually  
11          (or at any shorter interval the Secretary determines  
12          to be feasible and desirable) which shall be used as  
13          a criterion of eligibility in the community services  
14          block grant program established under this subtitle.  
15          The required revision shall be accomplished by mul-  
16          tiplying the official poverty line by the percentage  
17          change in the Consumer Price Index for All Urban  
18          Consumers during the annual or other interval im-  
19          mediately preceding the time at which the revision is  
20          made. Whenever a State determines that it serves  
21          the objectives of the block grant program established  
22          under this subtitle, the State may revise the poverty  
23          line to not to exceed 125 percent of the official pov-  
24          erty line otherwise applicable under this paragraph.

1 “(3) PRIVATE, NONPROFIT ORGANIZATION.—

2 The term ‘private, nonprofit organization’ includes a  
3 faith-based organization, to which the provisions of  
4 section 679 shall apply.

5 “(4) SECRETARY.—The term ‘Secretary’ means  
6 the Secretary of Health and Human Services.

7 “(5) STATE.—The term ‘State’ means each of  
8 the several States, the District of Columbia, the  
9 Commonwealth of Puerto Rico, Guam, the United  
10 States Virgin Islands, American Samoa, and the  
11 Commonwealth of the Northern Mariana Islands.

12 **“SEC. 674. AUTHORIZATION OF APPROPRIATIONS.**

13 “(a) IN GENERAL.—There are authorized to be ap-  
14 propriated \$535,000,000 for fiscal year 1999 and such  
15 sums as may be necessary for each of fiscal years 2000  
16 through 2003 to carry out the provisions of this subtitle  
17 (other than section 681).

18 “(b) RESERVATIONS.—Of the amounts appropriated  
19 under subsection (a) for each fiscal year, the Secretary  
20 shall reserve—

21 “(1)  $\frac{1}{2}$  of 1 percent for carrying out section  
22 675A (relating to payments for territories);

23 “(2) not less than  $\frac{1}{2}$  of 1 percent and not more  
24 than 1 percent for activities authorized in section

1       678A (relating to training and technical assistance);  
2       and

3               “(3) not more than 9 percent for carrying out  
4       section 680 (relating to discretionary activities).

5       **“SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.**

6       “The Secretary is authorized to establish a commu-  
7       nity services block grant program and make grants  
8       through the program to States to ameliorate the causes  
9       of poverty in communities within the States.

10      **“SEC. 675A. DISTRIBUTION TO TERRITORIES.**

11      “(a) APPORTIONMENT.—The Secretary shall appor-  
12      tion the amount reserved under section 674(b)(1) for each  
13      fiscal year on the basis of need among Guam, American  
14      Samoa, the United States Virgin Islands, and the Com-  
15      monwealth of the Northern Mariana Islands.

16      “(b) APPLICATION.—Each jurisdiction to which sub-  
17      section (a) applies may receive a grant under this subtitle  
18      for the amount apportioned under subsection (a) on sub-  
19      mitting to the Secretary, and obtaining approval of, an  
20      application containing provisions that describe the pro-  
21      grams for which assistance is sought under this subtitle,  
22      and that are consistent with the requirements of section  
23      676.

1 **“SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.**

2       “(a) ALLOTMENTS IN GENERAL.—The Secretary  
3 shall, from the amount appropriated under section 674(a)  
4 for each fiscal year that remains after the Secretary makes  
5 the reservations required in section 674(b), allot to each  
6 State an amount that bears the same ratio to such remain-  
7 ing amount as the amount received by the State for fiscal  
8 year 1981 under section 221 of the Economic Opportunity  
9 Act of 1964 bore to the total amount received by all States  
10 for fiscal year 1981 under such section, except that no  
11 State shall receive less than  $\frac{1}{4}$  of 1 percent of the amount  
12 appropriated under section 674(a) for such fiscal year.

13       “(b) ALLOTMENTS IN YEARS WITH GREATER AVAIL-  
14 ABLE FUNDS.—

15               “(1) MINIMUM ALLOTMENTS.—Subject to para-  
16 graphs (2) and (3), if the amount appropriated  
17 under section 674(a) for each fiscal year that re-  
18 mains after the Secretary makes the reservations re-  
19 quired in section 674(b) exceeds \$345,000,000, the  
20 Secretary shall allot to each State not less than  $\frac{1}{2}$   
21 of 1 percent of the amount appropriated under sec-  
22 tion 674(a) for such fiscal year.

23               “(2) MAINTENANCE OF 1990 LEVELS.—Para-  
24 graph (1) shall not apply with respect to a fiscal  
25 year if the amount allotted under subsection (a) to  
26 any State for that year is less than the amount al-

1       lotted under section 674(a)(1) to such State for fis-  
2       cal year 1990.

3           “(3) MAXIMUM ALLOTMENTS.—The amount al-  
4       lotted under paragraph (1) to a State shall be re-  
5       duced, if necessary, so that the aggregate amount al-  
6       lotted to such State under such paragraph and sub-  
7       section (a) does not exceed 140 percent of the aggre-  
8       gate amount allotted to such State under the cor-  
9       responding provisions of this subtitle for the fiscal  
10      year preceding the fiscal year for which a determina-  
11      tion is made under this subsection.

12      “(c) ALLOTMENT OF ADDITIONAL FUNDS.—Not-  
13     withstanding subsections (a) and (b), in any fiscal year  
14     in which the amount appropriated under section 674(a)  
15     exceeds the amount appropriated under such section for  
16     fiscal year 1999, such excess shall be allotted among the  
17     States proportionately based on—

18           “(1) the number of public assistance recipients  
19       in the respective States;

20           “(2) the number of unemployed individuals in  
21       the respective States; and

22           “(3) the number of individuals with incomes  
23       below the poverty line in the respective States.

24      “(d) PAYMENTS.—The Secretary shall make grants  
25     to eligible States for the allotments made under this sec-

tion. The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

“(e) DEFINITION.—For purposes of this section, the term ‘State’ does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

**“SEC. 675C. USES OF FUNDS.**

“(a) GRANTS TO LOCAL ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.—

“(1) IN GENERAL.—Not less than 90 percent of the funds allotted to a State under section 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

“(2) OBLIGATIONAL AUTHORITY.—Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, in accordance with paragraph (3).

“(3) RECAPTURE AND REDISTRIBUTION OF UN-OBLIGATED FUNDS.—

“(A) AMOUNT.—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a

1 grant made under paragraph (1) that are unob-  
2 ligated at the end of a fiscal year if such unobli-  
3 gated funds exceed 20 percent of the amount  
4 so distributed to such eligible entity for such  
5 fiscal year.

6 “(B) REDISTRIBUTION.—In redistributing  
7 funds recaptured in accordance with this para-  
8 graph, States shall redistribute such funds to  
9 an eligible entity, or require the original recipi-  
10 ent of the funds to redistribute the funds to a  
11 private, nonprofit organization, located within  
12 the community served by the original recipient  
13 of the funds, for activities consistent with the  
14 purposes of this subtitle.

15 “(b) STATEWIDE ACTIVITIES.—

16 “(1) USE OF REMAINDER.—If a State uses less  
17 than 100 percent of the State allotment to make  
18 grants under subsection (a), the State shall use the  
19 remainder of the allotment (subject to paragraph  
20 (2)) for—

21 “(A) providing training and technical as-  
22 sistance to those entities in need of such train-  
23 ing and assistance;

24 “(B) coordinating State-operated programs  
25 and services targeted to low-income children

1 and families with services provided by eligible  
2 entities and other organizations funded under  
3 this subtitle, including detailing appropriate  
4 employees of State or local agencies to entities  
5 funded under this subtitle, to ensure increased  
6 access to services provided by such State or  
7 local agencies;

8 “(C) supporting statewide coordination and  
9 communication among eligible entities;

10 “(D) analyzing the distribution of funds  
11 made available under this subtitle within the  
12 State to determine if such funds have been tar-  
13 geted to the areas of greatest need;

14 “(E) supporting asset-building programs  
15 for low-income individuals, such as programs  
16 supporting individual development accounts;

17 “(F) supporting innovative programs and  
18 activities conducted by community action agen-  
19 cies or other neighborhood-based organizations  
20 to eliminate poverty, promote self-sufficiency,  
21 and promote community revitalization; and

22 “(G) supporting other activities, consistent  
23 with the purposes of this subtitle.

24 “(2) ADMINISTRATIVE CAP.—No State may  
25 spend more than the greater of \$55,000, or 5 per-

1 cent, of the portion of the State allotment that re-  
 2 mains after the State makes grants to eligible enti-  
 3 ties under subsection (a), for administrative ex-  
 4 penses, including monitoring activities. The cost of  
 5 activities conducted under paragraph (1)(A) shall  
 6 not be considered to be administrative expenses.

7 **“SEC. 676. APPLICATION AND PLAN.**

8 “(a) DESIGNATION OF LEAD AGENCY.—

9 “(1) DESIGNATION.—The chief executive officer  
 10 of a State desiring to receive an allotment under this  
 11 subtitle shall designate, in an application submitted  
 12 to the Secretary under subsection (b), an appro-  
 13 priate State agency that complies with the require-  
 14 ments of paragraph (2) to act as a lead agency for  
 15 purposes of carrying out State activities under this  
 16 subtitle.

17 “(2) DUTIES.—The lead agency shall—

18 “(A) develop the State plan to be submit-  
 19 ted to the Secretary under subsection (b);

20 “(B) in conjunction with the development  
 21 of the State plan as required under subsection  
 22 (b), hold at least 1 hearing in the State with  
 23 sufficient time and statewide distribution of no-  
 24 tice of such hearing, to provide to the public an  
 25 opportunity to comment on the proposed use

1           and distribution of funds to be provided  
2           through the allotment for the period covered by  
3           the State plan; and

4                   “(C) conduct reviews of eligible entities  
5           under section 678B.

6                   “(3) LEGISLATIVE HEARING.—The State shall  
7           hold at least 1 legislative hearing every 3 years in  
8           conjunction with the development of the State plan.

9                   “(b) STATE APPLICATION AND PLAN.—Beginning  
10          with fiscal year 2000, to be eligible to receive an allotment  
11          under this subtitle, a State shall prepare and submit to  
12          the Secretary an application and State plan covering a pe-  
13          riod of not less than 1 fiscal year and not more than 2  
14          fiscal years. The plan shall be submitted not later than  
15          30 days prior to the beginning of the first fiscal year cov-  
16          ered by the plan, and shall contain such information as  
17          the Secretary shall require, including—

18                   “(1) an assurance that funds made available  
19                  through the allotment will be used to support activi-  
20                  ties that are designed to assist low-income families  
21                  and individuals, including families and individuals  
22                  receiving assistance under title IV of the Social Se-  
23                  curity Act, homeless families and individuals, mi-  
24                  grant or seasonal farmworkers, and elderly low-in-  
25                  come individuals and families, and a description of

1       how such activities will enable the families and indi-  
2       viduals—

3               “(A) to remove obstacles and solve prob-  
4       lems that block the achievement of self-suffi-  
5       ciency (particularly families and individuals who  
6       are attempting to transition off a State pro-  
7       gram carried out under title IV of the Social  
8       Security Act);

9               “(B) to secure and retain meaningful em-  
10      ployment;

11              “(C) to attain an adequate education with  
12      particular attention toward improving literacy  
13      skills of the low-income families in the commu-  
14      nity, which may include family literacy initia-  
15      tives;

16              “(D) to make better use of available in-  
17      come;

18              “(E) to obtain and maintain adequate  
19      housing and a suitable living environment;

20              “(F) to obtain emergency assistance  
21      through loans, grants, or other means to meet  
22      immediate and urgent individual and family  
23      needs;

24              “(G) to achieve greater participation in the  
25      affairs of the community, including activities

1           that strengthen and improve the relationship  
2           with local law enforcement agencies, which may  
3           include activities such as neighborhood or com-  
4           munity policing efforts;

5           “(H) to address the needs of youth in low-  
6           income communities through youth development  
7           programs that support the primary role of the  
8           family, give priority to prevention of youth  
9           problems and crime, promote increased commu-  
10          nity coordination and collaboration in meeting  
11          the needs of youth, and support development  
12          and expansion of innovative community-based  
13          youth development programs, which may in-  
14          clude after-school child care programs; and

15          “(I) to make more effective use of other  
16          programs related to the purposes of this sub-  
17          title (including State welfare reform efforts);

18          “(2) a description of how the State intends to  
19          use discretionary funds made available from the re-  
20          mainder of the allotment described in section  
21          675C(b) in accordance with this subtitle, including a  
22          description of how the State will support innovative  
23          community and neighborhood-based initiatives relat-  
24          ed to the purposes of this subtitle;

1           “(3) based on information provided by eligible  
2 entities in the State, a description of—

3           “(A) the service delivery system, for serv-  
4 ices provided or coordinated with funds made  
5 available through the allotment, targeted to  
6 low-income individuals and families in commu-  
7 nities within the State;

8           “(B) a description of how linkages will be  
9 developed to fill identified gaps in the services,  
10 through the provision of information, referrals,  
11 case management, and followup consultations;

12           “(C) a description of how funds made  
13 available through the allotment will be coordi-  
14 nated with other public and private resources;  
15 and

16           “(D) a description of how the funds will be  
17 used to support innovative community and  
18 neighborhood-based initiatives related to the  
19 purposes of this subtitle which may include fa-  
20 therhood and other initiatives with the goal of  
21 strengthening families and encouraging paren-  
22 tal responsibility;

23           “(4) an assurance that the State will provide,  
24 on an emergency basis, for the provision of such  
25 supplies and services, nutritious foods, and related

1 services, as may be necessary to counteract condi-  
2 tions of starvation and malnutrition among low-in-  
3 come individuals;

4 “(5) an assurance that the State will coordi-  
5 nate, and establish linkages between, governmental  
6 and other social services programs to assure the ef-  
7 fective delivery of such services to low-income indi-  
8 viduals;

9 “(6) an assurance that the State will ensure co-  
10 ordination between antipoverty programs in each  
11 community, and ensure, where appropriate, that  
12 emergency energy crisis intervention programs under  
13 title XXVI (relating to low-income home energy as-  
14 sistance) are conducted in such community;

15 “(7) an assurance that the State will permit  
16 and cooperate with Federal investigations under-  
17 taken in accordance with section 678D;

18 “(8) an assurance that any eligible entity that  
19 received funding in the previous fiscal year under  
20 this subtitle will not have its funding terminated  
21 under this subtitle, or reduced below the propor-  
22 tional share of funding the entity received in the  
23 previous fiscal year unless, after providing notice  
24 and an opportunity for a hearing on the record, the  
25 State determines that cause exists for such termi-

1 nation or such reduction, subject to review by the  
2 Secretary as provided in section 678C(b);

3 “(9) an assurance that the State will, to the  
4 maximum extent possible, coordinate programs with  
5 and form partnerships with other organizations serv-  
6 ing low-income residents of the communities and  
7 members of the groups served by the State, includ-  
8 ing faith-based organizations, charitable groups, and  
9 community organizations;

10 “(10) an assurance that the State will require  
11 each eligible entity to establish procedures under  
12 which a low-income individual, community organiza-  
13 tion, or faith-based organization, or representative of  
14 low-income individuals that considers its organiza-  
15 tion, or low-income individuals, to be inadequately  
16 represented on the board (or other mechanism) of  
17 the eligible entity to petition for adequate represen-  
18 tation;

19 “(11) an assurance that the State will secure  
20 from each eligible entity, as a condition to receipt of  
21 funding by the entity under this subtitle for a pro-  
22 gram, a community action plan (which shall be sub-  
23 mitted to the Secretary, at the request of the Sec-  
24 retary, with the State plan) that includes a commu-  
25 nity-needs assessment for the community served,

1       which may be coordinated with community-needs as-  
2       sessments conducted for other programs;

3               “(12) an assurance that the State and all eligi-  
4       ble entities in the State will, not later than fiscal  
5       year 2001, participate in the Results Oriented Man-  
6       agement and Accountability System, another per-  
7       formance measure system established pursuant to  
8       section 678E(b), or an alternative system for meas-  
9       uring performance and results that meets the re-  
10      quirements of that section, and a description of out-  
11      come measures to be used to measure eligible entity  
12      performance in promoting self-sufficiency, family  
13      stability, and community revitalization; and

14              “(13) information describing how the State will  
15      carry out the assurances described in this sub-  
16      section.

17      “(c) FUNDING TERMINATION OR REDUCTIONS.—For  
18      purposes of making a determination in accordance with  
19      subsection (b)(8) with respect to—

20              “(1) a funding reduction, the term ‘cause’ in-  
21      cludes—

22                      “(A) a statewide redistribution of funds  
23              provided under this subtitle to respond to—

24                              “(i) the results of the most recently  
25                      available census or other appropriate data;

1                   “(ii) the designation of a new eligible  
2                   entity; or

3                   “(iii) severe economic dislocation; or

4                   “(B) the failure of an eligible entity to  
5                   comply with the terms of an agreement to pro-  
6                   vide services under this subtitle; and

7                   “(2) a termination, the term ‘cause’ includes  
8                   the material failure of an eligible entity to comply  
9                   with the terms of such an agreement and the State  
10                  plan to provide services under this subtitle or the  
11                  consistent failure of the entity to achieve perform-  
12                  ance measures as determined by the State.

13                  “(d) PROCEDURES AND INFORMATION.—The Sec-  
14                  retary may prescribe procedures only for the purpose of  
15                  assessing the effectiveness of eligible entities in carrying  
16                  out the purposes of this subtitle.

17                  “(e) REVISIONS AND INSPECTION.—

18                   “(1) REVISIONS.—The chief executive officer of  
19                   each State may revise any plan prepared under this  
20                   section and shall submit the revised plan to the Sec-  
21                   retary.

22                   “(2) PUBLIC INSPECTION.—Each plan or re-  
23                   vised plan prepared under this section shall be made  
24                   available for public inspection within the State in

1       such a manner as will facilitate review of, and com-  
2       ment on, the plan.

3       **“SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGI-**  
4               **BLE ENTITIES IN UNSERVED AREAS.**

5       “(a) QUALIFIED ORGANIZATION IN OR NEAR  
6 AREA.—

7               “(1) IN GENERAL.—If any geographic area of a  
8 State is not, or ceases to be, served by an eligible  
9 entity under this subtitle, and if the chief executive  
10 officer of the State decides to serve such area, the  
11 chief executive officer may solicit applications from,  
12 and designate as an eligible entity—

13               “(A) a private nonprofit eligible entity lo-  
14 cated in an area contiguous to or within reason-  
15 able proximity of the unserved area that is al-  
16 ready providing related services in the unserved  
17 area; or

18               “(B) a private nonprofit organization that  
19 is geographically located in the unserved area  
20 that is capable of providing a broad range of  
21 services designed to eliminate poverty and fos-  
22 ter self-sufficiency and that meets the require-  
23 ments of this subtitle.

24               “(2) REQUIREMENT.—In order to serve as the  
25 eligible entity for the area, an entity described in

1 paragraph (1)(B) shall agree to add additional mem-  
2 bers to the board of the entity to ensure adequate  
3 representation—

4 “(A) in each of the 3 required categories  
5 described in subparagraphs (A), (B), and (C) of  
6 section 676B(a)(2), by members that reside in  
7 the community comprised by the unserved area;  
8 and

9 “(B) in the category described in section  
10 676B(a)(2), by members that reside in the  
11 neighborhood served.

12 “(b) SPECIAL CONSIDERATION.—In designating an  
13 eligible entity under subsection (a), the chief executive of-  
14 ficer shall grant the designation to an organization of  
15 demonstrated effectiveness in meeting the goals and pur-  
16 poses of this subtitle and may give priority, in granting  
17 the designation, to local eligible entities that are already  
18 providing related services in the unserved area, consistent  
19 with the needs identified by a community-needs assess-  
20 ment.

21 “(c) NO QUALIFIED ORGANIZATION IN OR NEAR  
22 AREA.—If no private, nonprofit organization is identified  
23 or determined to be qualified under subsection (a) to serve  
24 the unserved area as an eligible entity the chief executive  
25 officer may designate an appropriate political subdivision

1 of the State to serve as an eligible entity for the area.  
 2 In order to serve as the eligible entity for that area, the  
 3 political subdivision shall have a board or other mecha-  
 4 nism as required in section 676B(b).

5 **“SEC. 676B. TRIPARTITE BOARDS.**

6 “(a) PRIVATE NONPROFIT ENTITIES.—

7 “(1) BOARD.—In order for a private, nonprofit  
 8 entity to be considered to be an eligible entity for  
 9 purposes of section 673(1), the entity shall admin-  
 10 ister the community services block grant program  
 11 through a tripartite board described in paragraph  
 12 (2) that fully participates in the development and  
 13 implementation of the program to serve low-income  
 14 communities or groups.

15 “(2) SELECTION AND COMPOSITION OF  
 16 BOARD.—The members of the board referred to in  
 17 paragraph (1) shall be selected by the entity and the  
 18 board shall be composed so as to assure that—

19 “(A)  $\frac{1}{3}$  of the members of the board are  
 20 elected public officials, holding office on the  
 21 date of selection, or their representatives, ex-  
 22 cept that if the number of elected officials rea-  
 23 sonably available and willing to serve on the  
 24 board is less than  $\frac{1}{3}$  of the membership of the  
 25 board, membership on the board of appointive

1 public officials or their representatives may be  
2 counted in meeting such  $\frac{1}{3}$  requirement;

3 “(B) not fewer than  $\frac{1}{3}$  of the members are  
4 persons chosen in accordance with democratic  
5 selection procedures adequate to assure that  
6 these members are representative of low-income  
7 individuals and families in the neighborhood  
8 served;

9 “(C) the remainder of the members are of-  
10 ficials or members of business, industry, labor,  
11 religious, law enforcement, education, or other  
12 major groups and interests in the community  
13 served; and

14 “(D)(i) each member resides in the com-  
15 munity; and

16 “(ii) each representative of low-income in-  
17 dividuals and families selected to represent a  
18 specific neighborhood within a community  
19 under this paragraph resides in the neighbor-  
20 hood represented by the member.

21 “(b) PUBLIC ORGANIZATIONS.—In order for a public  
22 organization to be considered to be an eligible entity for  
23 purposes of section 673(1), the entity shall administer the  
24 community services block grant program through—

1           “(1) a tripartite board, which shall have mem-  
2       bers selected by the organization and shall be com-  
3       posed so as to assure that not fewer than  $\frac{1}{3}$  of the  
4       members are persons chosen in accordance with  
5       democratic selection procedures adequate to assure  
6       that these members—

7           “(A) are representative of low-income indi-  
8       viduals and families in the neighborhood served;

9           “(B) reside in the neighborhood served;  
10       and

11          “(C) are able to participate actively in the  
12       planning and implementation of programs fund-  
13       ed under this subtitle; or

14          “(2) another mechanism specified by the State  
15       to assure decisionmaking and participation by low-  
16       income individuals in the planning, administration,  
17       and evaluation of programs funded under this sub-  
18       title.

19   **“SEC. 677. PAYMENTS TO INDIAN TRIBES.**

20       “(a) RESERVATION.—If, with respect to any State,  
21   the Secretary—

22          “(1) receives a request from the governing body  
23       of an Indian tribe or tribal organization within the  
24       State that assistance under this subtitle be made di-  
25       rectly to such tribe or organization; and

1           “(2) determines that the members of such tribe  
2           or tribal organization would be better served by  
3           means of grants made directly to provide benefits  
4           under this subtitle,  
5           the Secretary shall reserve from amounts that would oth-  
6           erwise be allotted to such State under section 675B for  
7           the fiscal year the amount determined under subsection  
8           (b).

9           “(b) DETERMINATION OF RESERVED AMOUNT.—The  
10          Secretary shall reserve for the purpose of subsection (a)  
11          from amounts that would otherwise be allotted to such  
12          State, not less than 100 percent of an amount that bears  
13          the same ratio to the State allotment for the fiscal year  
14          involved as the population of all eligible Indians for whom  
15          a determination has been made under subsection (a) bears  
16          to the population of all individuals eligible for assistance  
17          under this subtitle in such State.

18          “(c) AWARDS.—The sums reserved by the Secretary  
19          on the basis of a determination made under subsection (a)  
20          shall be made available by grant to the Indian tribe or  
21          tribal organization serving the individuals for whom such  
22          a determination has been made.

23          “(d) PLAN.—In order for an Indian tribe or tribal  
24          organization to be eligible for a grant award for a fiscal  
25          year under this section, the tribe or organization shall sub-

1 mit to the Secretary a plan for such fiscal year that meets  
2 such criteria as the Secretary may prescribe by regulation.

3 “(e) DEFINITIONS.—In this section:

4 “(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—

5 The terms ‘Indian tribe’ and ‘tribal organization’  
6 mean a tribe, band, or other organized group recog-  
7 nized in the State in which the tribe, band, or group  
8 resides, or considered by the Secretary of the Inte-  
9 rior, to be an Indian tribe or an Indian organization  
10 for any purpose.

11 “(2) INDIAN.—The term ‘Indian’ means a  
12 member of an Indian tribe or of a tribal organiza-  
13 tion.

14 **“SEC. 678. OFFICE OF COMMUNITY SERVICES.**

15 “(a) OFFICE.—The Secretary shall carry out the  
16 functions of this subtitle through an Office of Community  
17 Services, which shall be established in the Department of  
18 Health and Human Services. The Office shall be headed  
19 by a Director.

20 “(b) GRANTS, CONTRACTS, COOPERATIVE AGREE-  
21 MENTS.—The Secretary shall carry out functions of this  
22 subtitle through grants, contracts, or cooperative agree-  
23 ments.

1 **“SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.**

2 “(a) ACTIVITIES.—The Secretary shall use the  
3 amounts reserved in section 674(b)(2) for training, tech-  
4 nical assistance, planning, evaluation, and data collection  
5 activities related to programs carried out under this sub-  
6 title.

7 “(b) PROCESS.—The process for determining the  
8 training and technical assistance to be carried out under  
9 this section shall—

10 “(1) ensure that the needs of eligible entities  
11 and programs relating to improving program quality,  
12 including financial management practices, are ad-  
13 dressed to the maximum extent feasible; and

14 “(2) incorporate mechanisms to ensure respon-  
15 siveness to local needs, including an ongoing proce-  
16 dure for obtaining input from the national and State  
17 network of eligible entities.

18 **“SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.**

19 “(a) IN GENERAL.—In order to determine whether  
20 eligible entities meet the performance goals, administra-  
21 tive standards, financial management requirements, and  
22 other requirements of a State, the State shall conduct the  
23 following reviews of eligible entities:

24 “(1) A full onsite review of each such entity at  
25 least once during each 3-year period.

1           “(2) An onsite review of each newly designated  
2           entity immediately after the completion of the first  
3           year in which such entity receives funds through the  
4           community services block grant program.

5           “(3) Followup reviews including prompt return  
6           visits to eligible entities, and their programs, that  
7           fail to meet the goals, standards, and requirements  
8           established by the State.

9           “(4) Other reviews as appropriate, including re-  
10          views of entities with programs that have had other  
11          Federal, State, or local grants terminated for cause.

12          “(b) REQUESTS.—The State may request training  
13          and technical assistance from the Secretary as needed to  
14          comply with the requirements of this section.

15       **“SEC. 678C. CORRECTIVE ACTION; TERMINATION AND RE-**  
16               **DUCTION OF FUNDING.**

17          “(a) DETERMINATION.—If the State determines, on  
18          the basis of a review pursuant to subsection 678B, that  
19          an eligible entity materially fails to comply with the terms  
20          of an agreement, or the State plan, to provide services  
21          under this subtitle or to meet appropriate standards,  
22          goals, and other requirements established by the State (in-  
23          cluding performance objectives), the State shall—

24               “(1) inform the entity of the deficiency to be  
25               corrected;

1 “(2) require the entity to correct the deficiency;

2 “(3)(A) offer training and technical assistance,  
3 if appropriate, to help correct the deficiency, and  
4 prepare and submit to the Secretary a report de-  
5 scribing the training and technical assistance of-  
6 fered; or

7 “(B) if the State determines that such training  
8 and technical assistance are not appropriate, prepare  
9 and submit to the Secretary a report stating the rea-  
10 sons for the determination;

11 “(4)(A) at the discretion of the State (taking  
12 into account the seriousness of the deficiency and  
13 the time reasonably required to correct the defi-  
14 ciency), allow the entity to develop and implement,  
15 within 60 days after being informed of the defi-  
16 ciency, a quality improvement plan to correct such  
17 deficiency within a reasonable period of time, as de-  
18 termined by the State; and

19 “(B) not later than 30 days after receiving  
20 from an eligible entity a proposed quality improve-  
21 ment plan pursuant to subparagraph (A), either ap-  
22 prove such proposed plan or specify the reasons why  
23 the proposed plan cannot be approved; and

24 “(5) after providing adequate notice and an op-  
25 portunity for a hearing, initiate proceedings to ter-

1       minate the designation of or reduce the funding  
 2       under this subtitle of the eligible entity unless the  
 3       entity corrects the deficiency.

4       “(b) REVIEW.—A determination to terminate the  
 5       designation or reduce the funding of an eligible entity is  
 6       reviewable by the Secretary. The Secretary shall, upon re-  
 7       quest, review such a determination. The review shall be  
 8       completed not later than 120 days after the determination  
 9       to terminate the designation or reduce the funding. If the  
 10      review is not completed within 120 days, the determina-  
 11      tion of the State shall become final at the end of the 120th  
 12      day.

13   **“SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLD-**  
 14                   **ING.**

15       “(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND  
 16      INSPECTIONS.—

17           “(1) IN GENERAL.—A State that receives funds  
 18      under this subtitle shall—

19                   “(A) establish fiscal control and fund ac-  
 20                   counting procedures necessary to assure the  
 21                   proper disbursement of and accounting for Federal  
 22                   funds paid to the State under this subtitle, in-  
 23                   cluding procedures for monitoring the funds  
 24                   provided under this subtitle;

1           “(B) ensure that cost and accounting  
2 standards of the Office of Management and  
3 Budget apply to a recipient of funds under this  
4 subtitle;

5           “(C) prepare, at least every year (or in the  
6 case of a State with a 2-year State plan, every  
7 2 years) in accordance with paragraph (2) an  
8 audit of the expenditures of the State of  
9 amounts received under this subtitle and  
10 amounts transferred to carry out the purposes  
11 of this subtitle; and

12           “(D) make appropriate books, documents,  
13 papers, and records available to the Secretary  
14 and the Comptroller General of the United  
15 States, or any of their duly authorized rep-  
16 resentatives, for examination, copying, or me-  
17 chanical reproduction on or off the premises of  
18 the appropriate entity upon a reasonable re-  
19 quest for the items.

20           “(2) AUDITS.—Each audit required by sub-  
21 section (a)(1)(C) shall be conducted by an entity  
22 independent of any agency administering activities  
23 or services carried out under this subtitle and shall  
24 be conducted in accordance with generally accepted  
25 accounting principles. Within 30 days after the com-

1       pletion of each such audit in a State, the chief execu-  
 2       utive officer of the State shall submit a copy of such  
 3       audit to any eligible entity that was the subject of  
 4       the audit at no charge, to the legislature of the  
 5       State, and to the Secretary.

6               “(3) REPAYMENTS.—The State shall repay to  
 7       the United States amounts found not to have been  
 8       expended in accordance with this subtitle or the Sec-  
 9       retary may offset such amounts against any other  
 10      amount to which the State is or may become entitled  
 11      under this subtitle.

12      “(b) WITHHOLDING.—

13              “(1) IN GENERAL.—The Secretary shall, after  
 14      providing adequate notice and an opportunity for a  
 15      hearing conducted within the affected State, with-  
 16      hold funds from any State that does not utilize the  
 17      State allotment substantially in accordance with the  
 18      provisions of this subtitle, including the assurances  
 19      such State provided under section 676.

20              “(2) RESPONSE TO COMPLAINTS.—The Sec-  
 21      retary shall respond in an expeditious and speedy  
 22      manner to complaints of a substantial or serious na-  
 23      ture that a State has failed to use funds in accord-  
 24      ance with the provisions of this subtitle, including  
 25      the assurances provided by the State under section

1       676. For purposes of this paragraph, a complaint of  
 2       a failure to meet any 1 of the assurances provided  
 3       under section 676 that constitutes disregarding that  
 4       assurance shall be considered to be a complaint of  
 5       a serious nature.

6           “(3) INVESTIGATIONS.—Whenever the Sec-  
 7       retary determines that there is a pattern of com-  
 8       plaints of failures described in paragraph (2) from  
 9       any State in any fiscal year, the Secretary shall con-  
 10      duct an investigation of the use of funds received  
 11      under this subtitle by such State in order to ensure  
 12      compliance with the provisions of this subtitle.

13   **“SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIRE-**  
 14           **MENTS.**

15       “(a) STATE ACCOUNTABILITY AND REPORTING RE-  
 16      QUIREMENTS.—

17           “(1) PERFORMANCE MEASUREMENT.—

18           “(A) IN GENERAL.—By October 1, 2001,  
 19       each State that receives funds under this sub-  
 20       title shall participate, and shall ensure that all  
 21       eligible entities in the State participate, in a  
 22       performance measurement system, which may  
 23       be a performance measurement system estab-  
 24       lished by the Secretary pursuant to subsection

1 (b), or an alternative system that meets the re-  
2 quirements of subsection (b).

3 “(B) LOCAL AGENCIES.—The State may  
4 elect to have local agencies who are subcontractors of the eligible entities under this subtitle  
5 participate in the performance measurement  
6 system. If the State makes that election, references in this section to eligible entities shall  
7 be considered to include the local agencies.  
8

9  
10 “(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on  
11 the measured performance of the State and the eligible  
12 entities in the State. Each State shall also include in the report an accounting of the expenditure  
13 of funds received by the State through the community services block grant program, including an accounting of funds spent on indirect services or administrative costs by the State and the eligible entities,  
14 and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on  
15 data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by  
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1 the State under section 678C(a)(3) during the year  
2 covered by the report.

3 “(b) SECRETARY’S ACCOUNTABILITY AND REPORT-  
4 ING REQUIREMENTS.—

5 “(1) PERFORMANCE MEASUREMENT.—The Sec-  
6 retary, in collaboration with the States and with eli-  
7 gible entities throughout the Nation, shall facilitate  
8 the development of 1 or more model performance  
9 measurement systems, which may be used by the  
10 States and by eligible entities to measure their per-  
11 formance in carrying out the requirements of this  
12 subtitle and in achieving the goals of their commu-  
13 nity action plans. The Secretary shall provide tech-  
14 nical assistance, including support for the enhance-  
15 ment of electronic data systems, to States and to eli-  
16 gible entities to enhance their capability to collect  
17 and report data for such a system and to aid in  
18 their participation in such a system.

19 “(2) REPORTING REQUIREMENTS.—At the end  
20 of each fiscal year beginning after September 30,  
21 1999, the Secretary shall, directly or by grant or  
22 contract, prepare a report containing—

23 “(A) a summary of the planned use of  
24 funds by each State, and the eligible entities in  
25 the State, under the community services block

1 grant program, as contained in each State plan  
2 submitted pursuant to section 676;

3 “(B) a description of how funds were actu-  
4 ally spent by the State and eligible entities in  
5 the State, including a breakdown of funds spent  
6 on indirect services or administrative costs and  
7 on the direct delivery of local services by eligible  
8 entities;

9 “(C) information on the number of entities  
10 eligible for funds under this subtitle, the num-  
11 ber of low-income persons served under this  
12 subtitle, and such demographic data on the low-  
13 income populations served by eligible entities as  
14 is determined by the Secretary to be feasible;

15 “(D) a comparison of the planned uses of  
16 funds for each State and the actual uses of the  
17 funds;

18 “(E) a summary of each State’s perform-  
19 ance results, and the results for the eligible en-  
20 tities, as collected and submitted by the States  
21 in accordance with subsection (a)(2); and

22 “(F) any additional information that the  
23 Secretary considers to be appropriate to carry  
24 out this subtitle, if the Secretary informs the  
25 States of the need for such additional informa-

1           tion and allows a reasonable period of time  
 2           prior to the start of the fiscal year for the  
 3           States to collect and provide the information.

4           “(3) SUBMISSION.—The Secretary shall submit  
 5           to the Committee on Education and the Workforce  
 6           of the House of Representatives and the Committee  
 7           on Labor and Human Resources of the Senate the  
 8           report described in paragraph (2), and any com-  
 9           ments the Secretary may have with respect to such  
 10          report. The report shall include definitions of direct,  
 11          indirect, and administrative costs used by the De-  
 12          partment of Health and Human Services for pro-  
 13          grams funded under this subtitle.

14          “(4) COSTS.—Of the funds reserved under sec-  
 15          tion 674(b)(3), not more than \$350,000 shall be  
 16          available to carry out the reporting requirements  
 17          contained in paragraph (2) and the provision of  
 18          technical assistance described in paragraph (1).

19   **“SEC. 678F. LIMITATIONS ON USE OF FUNDS.**

20          “(a) CONSTRUCTION OF FACILITIES.—

21          “(1) LIMITATIONS.—Except as provided in  
 22          paragraph (2), grants made under this subtitle  
 23          (other than amounts reserved under section  
 24          674(b)(3)) may not be used by the State, or by any  
 25          other person with which the State makes arrange-

1       ments to carry out the purposes of this subtitle, for  
2       the purchase or improvement of land, or the pur-  
3       chase, construction, or permanent improvement  
4       (other than low-cost residential weatherization or  
5       other energy-related home repairs) of any building  
6       or other facility.

7               “(2) WAIVER.—The Secretary may waive the  
8       limitation contained in paragraph (1) upon a State  
9       request for such a waiver, if the Secretary finds that  
10      the request describes extraordinary circumstances to  
11      justify the purchase of land or the construction of  
12      facilities (or the making of permanent improve-  
13      ments) and that permitting the waiver will contrib-  
14      ute to the ability of the State to carry out the pur-  
15      poses of this subtitle.

16      “(b) POLITICAL ACTIVITIES.—

17               “(1) TREATMENT AS A STATE OR LOCAL AGEN-  
18      CY.—For purposes of chapter 15 of title 5, United  
19      States Code, any entity that assumes responsibility  
20      for planning, developing, and coordinating activities  
21      under this subtitle and receives assistance under this  
22      subtitle shall be deemed to be a State or local agen-  
23      cy. For purposes of paragraphs (1) and (2) of sec-  
24      tion 1502(a) of such title, any entity receiving as-

1       sistance under this subtitle shall be deemed to be a  
2       State or local agency.

3               “(2) PROHIBITIONS.—Programs assisted under  
4       this subtitle shall not be carried on in a manner in-  
5       volving the use of program funds, the provision of  
6       services, or the employment or assignment of per-  
7       sonnel, in a manner supporting or resulting in the  
8       identification of such programs with—

9               “(A) any partisan or nonpartisan political  
10       activity or any political activity associated with  
11       a candidate, or contending faction or group, in  
12       an election for public or party office;

13              “(B) any activity to provide voters or pro-  
14       spective voters with transportation to the polls  
15       or similar assistance in connection with any  
16       such election; or

17              “(C) any voter registration activity.

18              “(3) RULES AND REGULATIONS.—The Sec-  
19       retary, after consultation and regulations with the  
20       Office of Personnel Management, shall issue rules  
21       and regulations to provide for the enforcement of  
22       this subsection, which shall include provisions for  
23       summary suspension of assistance or other action  
24       necessary to permit enforcement on an emergency  
25       basis.

1 “(c) NONDISCRIMINATION.—

2 “(1) IN GENERAL.—No person shall, on the  
3 basis of race, color, religion, national origin, or sex  
4 be excluded from participation in, be denied the ben-  
5 efits of, or be subjected to discrimination under, any  
6 program or activity funded in whole or in part with  
7 funds made available under this subtitle. Any prohi-  
8 bition against discrimination on the basis of age  
9 under the Age Discrimination Act of 1975 (42  
10 U.S.C. 6101 et seq.) or with respect to an otherwise  
11 qualified individual with a disability as provided in  
12 section 504 of the Rehabilitation Act of 1973 (29  
13 U.S.C. 794) or title II of the Americans with Dis-  
14 abilities Act of 1990 (42 U.S.C. 12131 et seq.) shall  
15 also apply to any such program or activity.

16 “(2) ACTION OF SECRETARY.—Whenever the  
17 Secretary determines that a State that has received  
18 a payment under this subtitle has failed to comply  
19 with paragraph (1) or an applicable regulation, the  
20 Secretary shall notify the chief executive officer of  
21 the State and shall request that the officer secure  
22 compliance. If within a reasonable period of time,  
23 not to exceed 60 days, the chief executive officer  
24 fails or refuses to secure compliance, the Secretary  
25 is authorized to—

1           “(A) refer the matter to the Attorney Gen-  
2           eral with a recommendation that an appropriate  
3           civil action be instituted;

4           “(B) exercise the powers and functions  
5           provided by title VI of the Civil Rights Act of  
6           1964 (42 U.S.C. 2000d et seq.), the Age Dis-  
7           crimination Act of 1975 (42 U.S.C. 6101 et  
8           seq.), or section 504 of the Rehabilitation Act  
9           of 1973 (29 U.S.C. 794), as may be applicable;  
10          or

11          “(C) take such other action as may be pro-  
12          vided by law.

13          “(3) ACTION OF ATTORNEY GENERAL.—When a  
14          matter is referred to the Attorney General pursuant  
15          to paragraph (2), or whenever the Attorney General  
16          has reason to believe that the State is engaged in a  
17          pattern or practice of discrimination in violation of  
18          the provisions of this subsection, the Attorney Gen-  
19          eral may bring a civil action in any appropriate  
20          United States district court for such relief as may  
21          be appropriate, including injunctive relief.

22   **“SEC. 679. OPERATIONAL RULE.**

23          “(a) FAITH-BASED ORGANIZATIONS INCLUDED AS  
24    NONGOVERNMENTAL PROVIDERS.—For any program car-  
25    ried out by the Federal Government, or by a State or local

1 government under this subtitle, the government shall con-  
2 sider, on the same basis as other nongovernmental organi-  
3 zations, faith-based organizations to provide the assistance  
4 under the program, so long as the program is implemented  
5 in a manner consistent with the Establishment Clause of  
6 the first amendment to the Constitution. Neither the Fed-  
7 eral Government nor a State or local government receiving  
8 funds under this subtitle shall discriminate against an or-  
9 ganization that provides assistance under, or applies to  
10 provide assistance under, this subtitle, on the basis that  
11 the organization has a faith-based character.

12 “(b) ADDITIONAL SAFEGUARDS.—Neither the Fed-  
13 eral Government nor a State or local government shall re-  
14 quire a faith-based organization to remove religious art,  
15 icons, scripture, or other symbols in order to be eligible  
16 to provide assistance under a program described in sub-  
17 section (a).

18 “(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN  
19 PURPOSES.—No funds provided through a grant or con-  
20 tract to a faith-based organization to provide assistance  
21 under any program described in subsection (a) shall be  
22 expended for sectarian worship, instruction, or proselytiza-  
23 tion.

24 “(d) FISCAL ACCOUNTABILITY.—

1           “(1) IN GENERAL.—Except as provided in para-  
 2           graph (2), any faith-based organization providing as-  
 3           sistance under any program described in subsection  
 4           (a) shall be subject to the same regulations as other  
 5           nongovernmental organizations to account in accord  
 6           with generally accepted accounting principles for the  
 7           use of such funds provided under such program.

8           “(2) LIMITED AUDIT.—Such organization shall  
 9           segregate government funds provided under such  
 10          program into a separate account. Only the govern-  
 11          ment funds shall be subject to audit by the govern-  
 12          ment.

13   **“SEC. 680. DISCRETIONARY AUTHORITY OF THE SEC-**  
 14                           **RETARY.**

15          “(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS,  
 16   AND GUARANTEES.—

17           “(1) IN GENERAL.—The Secretary shall, from  
 18          funds reserved under section 674(b)(3), make  
 19          grants, loans, or guarantees to States and public  
 20          agencies and private, nonprofit organizations, or  
 21          enter into contracts or jointly financed cooperative  
 22          arrangements with States and public agencies and  
 23          private, nonprofit organizations (and for-profit orga-  
 24          nizations, to the extent specified in (2)(E)) for each

1 of the objectives described in paragraphs (2) through  
2 (4).

3 “(2) COMMUNITY ECONOMIC DEVELOPMENT.—

4 “(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants de-  
5 scribed in paragraph (1) on a competitive basis  
6 to private, non-profit organizations that are  
7 community development corporations to provide  
8 technical and financial assistance for economic  
9 development activities designed to address the  
10 economic needs of low-income individuals and  
11 families by creating employment and business  
12 development opportunities.  
13

14 “(B) CONSULTATION.—The Secretary  
15 shall exercise the authority provided under sub-  
16 paragraph (A) after consultation with other rel-  
17 evant Federal officials.

18 “(C) GOVERNING BOARDS.—For a commu-  
19 nity development corporation to receive funds to  
20 carry out this paragraph, the corporation shall  
21 be governed by a board that shall consist of  
22 residents of the community and business and  
23 civic leaders and shall have as a principal pur-  
24 pose planning, developing, or managing low-in-

1           come housing or community development  
2           projects.

3           “(D) GEOGRAPHIC DISTRIBUTION.—In  
4           making grants to carry out this paragraph, the  
5           Secretary shall take into consideration the geo-  
6           graphic distribution of funding among States  
7           and the relative proportion of funding among  
8           rural and urban areas.

9           “(E) RESERVATION.—Of the amounts  
10          made available to carry out this paragraph, the  
11          Secretary may reserve not more than 1 percent  
12          for each fiscal year to make grants to private,  
13          nonprofit organizations or to enter into con-  
14          tracts with private, nonprofit or for-profit orga-  
15          nizations to provide technical assistance to aid  
16          community development corporations in devel-  
17          oping or implementing activities funded to carry  
18          out this paragraph and to evaluate activities  
19          funded to carry out this paragraph.

20          “(3) RURAL COMMUNITY DEVELOPMENT AC-  
21          TIVITIES.—The Secretary shall provide the assist-  
22          ance described in paragraph (1) for rural community  
23          development activities, which shall include—

24                 “(A) grants to private, nonprofit corpora-  
25                 tions that provide assistance concerning home

1 repair to rural low-income families and plan-  
2 ning and developing low-income rural rental  
3 housing units; and

4 “(B) grants to multistate, regional, pri-  
5 vate, nonprofit organizations to provide training  
6 and technical assistance to small, rural commu-  
7 nities in meeting their community facility needs.

8 “(4) NEIGHBORHOOD INNOVATION  
9 PROJECTS.—The Secretary shall provide the assist-  
10 ance described in paragraph (1) for neighborhood in-  
11 novation projects, which shall include grants to  
12 neighborhood-based private, nonprofit organizations  
13 to test or assist in the development of new ap-  
14 proaches or methods that will aid in overcoming spe-  
15 cial problems identified by communities or neighbor-  
16 hoods or otherwise assist in furthering the purposes  
17 of this subtitle, and which may include projects that  
18 are designed to serve low-income individuals and  
19 families who are not being effectively served by other  
20 programs.

21 “(b) EVALUATION.—The Secretary shall require all  
22 activities receiving assistance under this section to be eval-  
23 uated for their effectiveness. Funding for such evaluations  
24 shall be provided as a stated percentage of the assistance  
25 or through a separate grant awarded by the Secretary spe-

1 cifically for the purpose of evaluation of a particular activ-  
 2 ity or group of activities.

3 “(c) ANNUAL REPORT.—The Secretary shall compile  
 4 an annual report containing a summary of the evaluations  
 5 required in subsection (b) and a listing of all activities as-  
 6 sisted under this section. The Secretary shall annually  
 7 submit the report to the Chairperson of the Committee  
 8 on Education and the Workforce of the House of Rep-  
 9 resentatives and the Chairperson of the Committee on  
 10 Labor and Human Resources of the Senate.”.

11 **SEC. 3. RELATED AMENDMENTS.**

12 The Community Services Block Grant Act (42 U.S.C.  
 13 9901 et seq.) is amended—

14 (1) by striking section 681;

15 (2) in section 681A—

16 (A) by striking “681A” and inserting  
 17 “681”;

18 (B) in subsection (c) by striking “Labor”  
 19 and inserting “the Workforce”; and

20 (C) in subsection (d) by striking  
 21 “\$25,000,000” and all that follows through  
 22 “1998”, and inserting “\$4,000,000 for fiscal  
 23 year 1999, and such sums as may be necessary  
 24 for fiscal years 2000 through 2003.”;

25 (3) in section 682—

1 (A) in subsection (c)—

2 (i) by redesignating paragraphs (3)  
3 and (4) as paragraphs (4) and (5), respec-  
4 tively; and

5 (ii) by inserting after paragraph (2)  
6 the following:

7 “(3) the applicant shall, in each community in  
8 which a program is funded under this section—

9 “(A) ensure that—

10 “(i) a community-based advisory com-  
11 mittee, composed of representatives of local  
12 youth, family, and social service organiza-  
13 tions, schools, entities that provide park  
14 and recreation services, entities that pro-  
15 vide training services, and community-  
16 based organizations that serve high-risk  
17 youth, is established; or

18 “(ii) an existing community-based ad-  
19 visory board, commission, or committee  
20 with similar membership is used; and

21 “(B) enter into formal partnerships with  
22 youth-serving organizations or other appro-  
23 priate social service entities in order to link pro-  
24 gram participants with year-round services in

1           their home communities that support and con-  
 2           tinue the objectives of this subtitle;” and

3                   (B) in subsection (g) by striking “each fis-  
 4           cal year” and all that follows through “1998”,  
 5           and inserting “for fiscal year 1999, and such  
 6           sums as may be necessary for fiscal years 2000  
 7           through 2003”; and

8           (4) by striking sections 683 and 684, and in-  
 9           serting the following:

10   **“SEC. 683. DRUG TESTING AND PATERNITY DETERMINA-**  
 11                   **TIONS.**

12           “(a) DRUG TESTING PERMITTED.—(1) Nothing in  
 13   this subtitle shall be construed to prohibit a State from  
 14   testing participants in programs, activities, or services car-  
 15   ried out under this subtitle for controlled substances or  
 16   from imposing sanctions on such participants who test  
 17   positive for any of such substances.

18           “(2) Any funds provided under this subtitle expended  
 19   for such testing shall be considered to be expended for ad-  
 20   ministrative expenses and shall be subject to the limitation  
 21   specified in section 675(b)(2).

22           “(b) PATERNITY DETERMINATIONS.—During each  
 23   fiscal year for which an eligible entity receives a grant  
 24   under section 675C, such entity shall—

1           “(1) inform custodial parents in single-parent  
2 families that participate in programs, activities, or  
3 services carried out under this subtitle about the  
4 availability of child support services;

5           “(2) refer eligible parents to the child support  
6 offices of State and local governments;

7           “(3) establish referral arrangements with such  
8 offices; and

9           “(4) verify that such custodial parents who re-  
10 ceive benefits under title IV of the Social Security  
11 Act comply with the provisions of title IV of such  
12 Act.

13 **“SEC. 684. REFERENCES.**

14           “Any reference in any provision of law to the poverty  
15 line set forth in section 624 or 625 of the Economic Op-  
16 portunity Act of 1964 shall be construed to be a reference  
17 to the poverty line defined in section 673 of this subtitle.  
18 Any reference in any provision of law to any community  
19 action agency designated under title II of the Economic  
20 Opportunity Act of 1964 shall be construed to be a ref-  
21 erence to an entity eligible to receive funds under the com-  
22 munity services block grant program.”.

23 **SEC. 4. CONFORMING AMENDMENTS.**

24           (a) PREPARATION.—After consultation with the ap-  
25 propriate committees of Congress and the Director of the

1 Office of Management and Budget, the Secretary of  
2 Health and Human Services shall prepare recommended  
3 legislation containing technical and conforming amend-  
4 ments to reflect the changes made by this title.

5 (b) SUBMISSION TO CONGRESS.—Not later than 6  
6 months after the date of enactment of this Act, the Sec-  
7 retary shall submit to Congress the recommended legisla-  
8 tion referred to under subsection (a).

9 **SEC. 5. REPEALERS.**

10 Sections 407 and 408 of the Human Services Reau-  
11 thorization Act of 1986 (42 U.S.C 9812a and 9910b) are  
12 repealed.

13 **SEC. 6. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

14 (a) EFFECTIVE DATE.—Except as provided in sub-  
15 section (b), this Act and the amendments made by this  
16 Act shall take effect on the date of the enactment of this  
17 Act.

18 (b) APPLICATION OF AMENDMENTS.—The amend-  
19 ments made by this Act shall not apply with respect to  
20 fiscal years ending before October 1, 1998.

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